

CHAPTER NO. 100

HOUSE BILL NO. 1727

By Representatives Fowlkes, Bunch

Substituted for: Senate Bill No. 1493

By Senator Herron

AN ACT to amend Tennessee Code Annotated, Title 48, Chapter 2, Part 1, relative to securities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-2-122(g), is amended by deleting that subsection in its entirety and by substituting instead the following language:

(g) Every person who directly or indirectly controls a person liable under this section, every partner, principal executive officer, or director of such person, every person occupying a similar status or performing similar functions, every employee of such person who materially aids in the act or transaction constituting the violation, and every broker-dealer or agent who materially aids in the act or transaction constituting the violation, are also liable jointly and severally with and to the same extent as such person, unless the person who would be liable under this subsection proves that the person who would be liable did not know, and in the exercise of reasonable care could not have known, of the existence of the facts by reason of which the liability is alleged to exist. There is contribution as in cases of contract among the several persons so liable.

SECTION 2. Tennessee Code Annotated, Section 48-2-122(h), is amended by deleting that subsection in its entirety and by substituting instead the following language:

(h) No action shall be maintained under this section unless commenced before the expiration of five (5) years after the act or transaction constituting the violation or the expiration of two (2) years after the discovery of the facts constituting the violation, or after such discovery should have been made by the exercise of reasonable diligence, whichever first expires.

SECTION 3. The amendment to Tennessee Code Annotated, Section 48-2-122(h), in this act shall apply to all proceedings addressed by this part that are commenced on or after the date of enactment of this act.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: April 24, 2003



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 7th day of May 2003



PHIL BREDESEN, GOVERNOR